ROUTING AND RECORD SHEET

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TO	ROOM NO.	DATE RECEIVED	DATE FORWARDED	OFFICER'S INITIALS
1.			24 AUG 1959	
2.			28	
3. WH/III/Carib/RA				
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5. PP				
6.				
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10. CI/ICD			22 SEP 1959	
11.		SEP 1959		
12.				
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14. RID/AN		1 6 MAR 1970		
15. RID/EDI				
16.				
17.				
18.				
19. WH/III/Carib/				
20. RID/FI	1400L			

COMMENTS

reclassify.

Vivian G. Daly

WH/COG/PP

reclassify to 201-251853

cf 3/411,399

201-251853

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ENCLOSURE	ABSTRACT / INDEX	FILE NUMBER

DATE MICROFILMED	DOCUMENT DATE	DOCUMENT NUMBER
	21 Aug 1959	HKH -02130

FORM 610a USE PREVIOUS EDITIONS

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OPERATIONAL AND SOURCE COVER SHEET

FROM: Habana

REPORT NO.: HKH-2130

REPORT MADE BY: Nelson L. Raynock/pze

NUMBER PAGES: 2

REPORT APPROVED BY: Woodrow C. Olien

NUMBER ENCLOSURES: None

DATE OF REPORT: 21 August 1959

REFERENCES: None

DISTRIBUTION:

By copy to: 3 - Headquarters w/mst
1 - Embassy (Economic Counselor)

Orally to: 1 - Legal Attaché
2 - Files

Field File No. 6-0-120

SOURCE CRYPTONYM: See Comments below

ID NO.:

IG NO.:

KRYPTON: ☐ Yes ☐ No

SOURCE, OPERATIONAL DATA, AND COMMENTS:

SUBJECT: Cuban Economic Crisis

OPERATIONAL COMMENTS: 05

08

[Source Alberto FERNANDEZ Hechavarria,] [the chief of the Cuban Sugar Stabilization Board who has the job of selling Cuba's sugar.] A former active member of the 26 of July Movement during the revolution, he is now disillusioned, and reportedly is not going to last much longer in his job. He is wealthy and his family have lost through CASTRO's economic reforms. He appears to know a lot about the government and also seems to have an insight into CASTRO. He regards CASTRO as some type of a UNIVAC machine, his mind automatically photostating details which he can and will use in the future. He says that CASTRO is ruthless, and that nothing can stop him in his determination to do something, i.e., agrarian reform, and that he will sacrifice his friends, his family, his money, and his fortune to accomplish his purpose.

Again illustrating the present situation in Cuba, the source said that he cannot publicly have contacts with American officials—refusing to let the writer use his telephone—and he said that a record is kept of all his calls and that his movements are periodically checked.

The advisor who warned CASTRO in paragraph one of the attached report was the source.

As a possible reference to this report and particularly to field comment number two, see HAVA-2526. TDCS - 3/401,583

The second source referred to in Field Comment No. 2 was AMPACK-1 who obtained his information from the [president of the Banco Industrial de Cuba.]

08

[redacted]

HKH-2130

201-251853

FORM NO. 51-59 APR 1953 PREVIOUS EDITIONS MAY BE USED.

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FIELD INFORMATION REPORT

EVALUATION OF SOURCE A. Completely reliable B. Usually reliable C. Fairly reliable D. Not usually reliable E. Not reliable (Applied to sources of doubtful honesty or loyalty, regardless of their competence). F. Reliability cannot be judged (Applied to untested or insufficiently tested sources).
APPRAISAL OF CONTENT 1. Confirmed by other independent and reliable sources 2. Probably true. 3. Possibly true 4. Doubtful 5. Probably false 6. Cannot be judged. Documentary. Based on original document.

C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY Cuba

SUBJECT Cuban Economic Crisis

REPORT NO. HKH-2130

DATE OF REPORT 21 August 1959

NO. OF PAGES 2

REFERENCES None

DATE OF INFO. July-August 1959

PLACE & DATE ACQ. Cuba, Habana (20 August 1959)

SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE. NOTE FOREGOING EXPLANATION.

SOURCE: Cuban Government Official (F).
Appraisal of Content: 3

1. Contrary to the reports which are issued by the Cuban Government, the financial status of the Cuban economy is rapidly deteriorating and becoming a serious problem. During July 1959 an advisor to Prime Minister Fidel CASTRO Ruz, warned him to proceed more slowly with the agrarian reform, because the Cuban treasury was running short of funds. It was pointed out that 57 sugar mills were bankrupt and had not paid the plantation owners for the 1959 sugar crop. CASTRO was told that if the reckless confiscation of agricultural properties continued, the Cuban Government would become obligated to assume even more debts in order to alleviate the hunger of farm workers.[1]

2. Another drain on the economy is government subsidies. For example, the Banco de Desarrollo Economico y Social (BANDES, Social and Economic Development Bank) controls about U. S. $400 million in properties and investments such as the Compañia Cubana de Aviacion (Cuban Airline Company). The companies have been caught in the present contraction of capital and cannot survive without government subsidies. The subsidies paid by BANDES amount to U. S. $8 million a month, and this is only one example of the many payments which are draining the Cuban treasury.[2]

Field Comments.

1. ~~From the reports which have been received~~ It appears that there is growing unemployment of farm workers. This is the "dead season"—the period between sugar cane harvests—but it is reported that most plantation owners and ranchers are fearful of confiscation of their properties for the agrarian-reform program, and consequently are doing very little in the way of maintenance work. The latter provided at least a marginal field of employment, and this is now denied to the agricultural workers. ~~However,~~ In spite of this warning, the agrarian-reform program has not been slowed. In fact, it seems to have been intensified.

C-O-N-F-I-D-E-N-T-I-A-L

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2. ~~The~~ Source thought that nothing could stop CASTRO in his determination to proceed with the agrarian reform program as fast as possible. Since the biggest obstacle to carrying out this program is the lack of money, the Source was of the opinion that CASTRO would do anything to obtain this money and might even confiscate bank accounts and moneys and negotiable instruments held in safety deposit boxes. Carrying this one step further, ~~the~~ Source thought such confiscatory tactics could only be a temporary saving device and that eventually it would be necessary for CASTRO to obtain a large loan from another country. He speculated that this would mean either the United States or the Soviet Union, and feared that if it were the latter, it would mean the end of friendly relations with the United States. In respect to CASTRO's possible need for a loan, another, fairly reliable, source reported on 18 August 1959 that CASTRO was trying to obtain a 30,000,000-peso loan from ~~local~~ Cuban banks.

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